



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE APACHE JUNCTION SEWER DISTRICT (the "District") held in the District's Board Room, 5661 S. Ironwood Drive, Apache Junction, Arizona 85120 on Tuesday, June 23, 2026 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairperson
Jim Reynolds – Vice Chairperson (via Teams)
Phil Tremonti – Treasurer
Jesse Gage - Secretary
Roy Starr – Board Member

Staff Present: Darron Anglin – District Manager
Traci Coronado – Executive Assistant
James Drye – Operations Supervisor
Paul Gonzales – Collection System Supervisor
Kathy Huckfeldt – Management Analyst
Corina Jimenez – Utility Services Supervisor
Anne Latimer – District Engineer
Maria Zagar – Financial Services Supervisor

Others Present: Jason Cassidy – District Counsel

1. Call to Order.

Ms. Waldron called the meeting to order at 8:00 AM.

2. Invocation and Pledge of Allegiance.

Mr. Tremonti gave the Invocation.

Mr. Gage led the Pledge of Allegiance.

3. PUBLIC HEARING pursuant to Arizona Revised Statutes §§ 48-716 and 48-720 to invite comment on (a) the District's proposed rates, fees and charges to become effective July 1, 2026, and (b) the District's proposed budget for the fiscal year beginning July 1, 2026.

Ms. Waldron opened the public hearing and invited members of the public to comment on the District's proposed rates, fees and charges and proposed budget. Ms. Waldron directed that the minutes reflect that no members of the public appeared to comment and no written comments were received.

There was no further discussion, and the public hearing was concluded.

4. Request for adoption of Resolution No. 26-02 establishing (a) the District's rates, fees and charges to become effective beginning July 1, 2026, and (b) the District's budget for the fiscal year beginning July 1, 2026.

Mr. Anglin stated the proposed budget, and rate information had been properly noticed and that no written comments or telephone inquiries had been received regarding the proposed budget or

proposed rate adjustments. He stated the City of Apache Junction had inquired about some of the proposed rate changes, and staff had responded to those questions.

Ms. Waldron opened discussion regarding Resolution No. 26-02 establishing the District's rates, fees, and charges effective July 1, 2026, and adopting the Fiscal Year 2027 Budget.

MOTION made by Mr. Tremonti to adopt Resolution No. 26-02 establishing the District's rates, fees and charges to be effective beginning July 1, 2026 and the District's budget for fiscal year beginning July 1, 2026; seconded by Mr. Starr.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds, Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

5. Discussion and review of the District's 20-year financial projection and action as determined.

Mr. Anglin explained that the financial projection was prepared using the conservative and accelerated flow projections previously presented to the Board. He stated that the projection was unaudited and included several assumptions, including annual expense increases, capital projects identified in the District's current five-year capital plan, and \$3 million annually for capital projects beginning in 2030. Ms. Zagar stated that the figures were projections and did not represent actual cash balances. She explained that the conservative projection did not include additional debt, while the accelerated projection assumed additional debt in 2038 to fund a future expansion. She added that the projections indicated the District would have sufficient funds to meet its debt obligations and fund an expansion if needed.

Mr. Tremonti expressed concern about whether the existing treatment system could remain operational for another 20 years. Mr. Anglin stated that Stantec had evaluated the existing plant and identified maintenance and capital improvements needed to keep it operating.

Mr. Tremonti recommended that the District's financial advisor attend the January meeting to review the projections and advise the Board regarding the District's reserves and ability to finance future expansion. He also recommended reviewing the projections annually.

Mr. Starr asked about the assumptions used in the projections, including the assumed annual rate increases. Ms. Zagar stated that the projections were based on a 3% annual increase.

Mr. Gage asked whether staff had consulted with the City regarding anticipated growth. Mr. Anglin stated that the projections were based on approved developments and information previously discussed with the City's development staff.

6. Approval of the Minutes of the May 19, 2026 Regular Meeting.

Ms. Waldron asked if there were any additions or corrections to the meeting minutes; there were none and the minutes were accepted as presented.

7. Monthly Disclosure Report for May 2026.

Mr. Gage referenced a recent article regarding Cave Creek using its Long-Term Storage Credits (LTSCs) as Central Arizona Project (CAP) water supplies decline. He asked staff to continue monitoring the value of the District's Long-Term Storage Credits and reclaimed water. Mr. Gage asked under the District's agreement with the master planned developers if they are entitled to receive the same flows as those received by the District at the treatment facility. Mr. Anglin said that the agreement establishes a minimum delivery amount and provides flexibility to determine how additional reclaimed water is used when available.

Mr. Tremonti asked if the District's LTSCs could be sold to developers. Mr. Anglin said the credits could be sold provided they are used within the same basin. Mr. Tremonti asked about the current rate and how it is compared to the rate established under the District's agreement with the developers. Ms. Zagar stated the current rate was approximately \$340. Mr. Anglin said under the District's agreement, it is priced on a per-thousand-gallon basis, which equates to approximately \$300 per acre-foot. Mr. Cassidy explained that the agreement established a fixed price for the first five years and after that period, the price would be based on the District's established rates.

Mr. Tremonti asked if the District would monitor reclaimed water deliveries based on future flows as the pricing under the developer agreement changes. Mr. Cassidy said that the agreement establishes both minimum and maximum delivery requirements, providing the District flexibility as additional reclaimed water becomes available.

Mr. Cassidy said the bankruptcy court had approved Solon's assumption of the District's contract, the contract remains in full force, and work has continued. Mr. Cassidy said there is a chance the District's legal fees could be recovered from Solon as part of the bankruptcy proceedings.

There was additional discussion regarding Solon's bankruptcy and how the performance bond protects the District.

8. Monthly Project Status Report for May 2026.

Ms. Waldron asked how staff planned to use the recently purchased water truck. Mr. Anglin stated it would be used for onsite dust control and offsite easement cleanup.

Mr. Gage asked if the flocculation system would be completed by the end of the month. Mr. Anglin stated the concrete foundation has been poured but unfortunately the project is delayed. He stated he will have an update at the August meeting.

Ms. Latimer stated the solar contractor Solon is scheduled to mobilize on around July 6, 2026.

9. Discussion and update of the Water Reclamation Facility (WRF) Expansion and action as determined.

Mr. Anglin reported that coordination with Salt River Project allowed the District to obtain electrical service from a nearby power pole instead of extending service from the intersection. He stated the change would save the District time and money, and that this work was underway.

Mr. Tremonti asked whether staff were using contingency funds for any of the ongoing projects. Mr. Anglin stated that portions of the contingency funds are being used for the expansion project.

Mr. Gage asked about the two remaining permits. Mr. Anglin stated that ADWR was still reviewing the District's permits and had requested an extension. He added that ADWR reimbursed the District's application fees due to the length of the review process.

10. District Manager's Report for April 2026.

Mr. Anglin reported on the annual Arizona Water Festival, sponsored by the University of Arizona and hosted by the City, and thanked employees Patricia Nelson and Corina Jimenez for representing the District at the event.

Mr. Anglin provided an update on staff's research into artificial intelligence (AI). He stated staff are going to meet with itSynergy to discuss the use of AI and its potential impacts on the District's computer systems and software. He also reported that staff observed the City of Mesa's use of AI to review sewer system camera inspections and identify potential maintenance concerns.

Mr. Anglin recognized Samantha Long, the District's new Accounting Technician II, and noted the retirement of Karen Brenden.

Ms. Latimer provided updates on current and future projects around the city.

11. Request for authorization and approval of the renewal of the District's workers' compensation insurance with CopperPoint Mutual Insurance.

Ms. Huckfeldt stated staff are happy with the renewal this year. She reported that the proposed annual premium represented an increase of approximately \$1,800, or 6.3%. She stated that the increase was primarily due to payroll increases and two additional budgeted positions. Ms. Huckfeldt stated that the large claim affecting the District's modification rating would fall outside the applicable rating period in two years, barring any additional claims.

Mr. Starr asked whether drug testing was required to qualify for the savings. Ms. Huckfeldt stated that the District currently conducts drug testing for pre-employment and post-accident or injury. She also noted that random drug testing would begin soon.

MOTION made by Mr. Tremonti to authorize and approve the renewal of the District's workers' compensation insurance with CopperPoint Mutual Insurance Company on the terms presented at this meeting, effective beginning July 1, 2026; seconded by Mr. Gage.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds,
Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

12. Request for authorization and approval of the engagement of Fester & Chapman P.C. to audit and report on the financial statements of the District for the fiscal year ending June 30, 2026, as provided in the Fester & Chapman P.C. engagement letter dated June 10, 2026.

Mr. Tremonti asked how long the current partner had been assigned to the District's audit. Ms. Zagar stated that the current partner oversaw the audit and that the audit team is changed every two to three years. Mr. Tremonti stated that changing partners approximately every five years would provide a different perspective while maintaining continuity with the auditing firm. Ms. Zagar stated that staff do not have specific requirements but could investigate a change at the Board's request. Mr. Reynolds agreed that periodically changing the partner would provide a fresh perspective while retaining the firm's familiarity with the District. Mr. Anglin stated that staff would contact Fester & Chapman P.C. regarding a partner change.

Mr. Tremonti requested if the partner was already assigned for the current fiscal year, a new partner be assigned for the next fiscal year.

MOTION made by Mr. Gage to authorize and approve the engagement of Fester & Chapman P.C. to audit and report on the financial statements of the District for the fiscal year ending June 30, 2026, as provided in the Fester & Chapman P.C. engagement letter dated June 10, 2026; seconded by Mr. Tremonti.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds,
Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

- 13. Call to the public. The Board will neither discuss nor take legal action on a matter raised during the call to the public but may refer the matter to the District staff for review or direct the matter to be put on a future agenda. Members of the Board may respond to matters raised as permitted by Arizona Revised Statutes § 38-431.01.I.**

No one from the public appeared at the meeting to comment.

- 14. Performance Evaluation of the District Manager and action as determined. The Board will first consider this matter in executive session that will not be open to the public, unless a request is received that the matter be discussed or considered at a public meeting pursuant to Arizona Revised Statutes § 38-431.03.A.**

MOTION made by Mr. Gage to recess the Regular Meeting and reconvene in Executive Session to evaluate the performance of the District Manager pursuant to Arizona Revised Statutes § 38-431.03(A)(1); seconded by Mr. Starr.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds,
Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

The regular meeting was recessed at 9:22 AM while the Board convened in Executive Session.

The regular meeting reconvened at 10:33 AM.

MOTION made by Mr. Gage to approve a 3.5% merit increase and a cost-of-living adjustment for the District Manager, effective July 1, 2026; seconded by Mr. Starr.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds,
Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

15. Direction from the Board of Directors to staff regarding items to place on the next regular board meeting agenda.

No items were requested for the August Board meeting agenda.

16. Adjournment.

There being no further business, the meeting was adjourned at 10:35 AM.



APACHE JUNCTION SEWER DISTRICT

RECLAIMING WATER FOR THE FUTURE

Board of Directors
Regular Meeting
Guest Sign-In

<u>Name</u>	<u>Representing</u>
1. Christa Rizz:	self
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